

ORIGINAL

NEW APPLICATION



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RECEIVED

2007 OCT 18 P 3 15

AZ CORP COMMISSION
DOCKET CONTROL

FARMERS WATER CO.

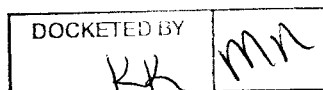
P.O. Box 7
Sahuarita, AZ 85629-0007
(520) 879-7474

October 16, 2007

Arizona Corporation Commission
DOCKETED

OCT 18 2007

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007-2996



W-01654A-07-0603

Attached is an application by Farmers Water Co to extend its C.C.&N. to provide service to:

- A. Canoa Preserve II, to be developed by Canoa Preserve Partners II, LLC .
- B. Canoa Preserve II is adjacent to Farmers Water Co's existing C.C.&N.
- C. Farmers Water Co is the only water company within several miles of Canoa Preserve II, other than west of the Santa Cruz River.
- D. Farmers Water Co has adequate water sources to supply this development (Canoa Preserve II).
- E. Santa Rita Ranch wishes to have its 7 acre parcel included in this extension request. See attached letter. The legal of this parcel is the S 552.35 feet of the E 552.35 feet of S36,T18S,R13E.

Sincerely yours,

FARMERS WATER CO

By *Warren E. Culbertson*
Warren E. Culbertson, CEO

WEC:cm
enc.



FARMERS WATER CO.

P.O. Box 7
Sahuarita, AZ 85629-0007
(520) 879-7474

Attention:
Andrew Mc Gibbon
Santa Rita Ranch
P.O. 647
Green Valley, AZ 85622-0647

August 30, 2007

Re: Your 7 acres, located in the south- east corner of section 36. Township 18 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona, Known as the "AmadoWell Site".

Farmers Water Co. is in the process of expanding its Certificate of Convenience & Necessity (CC&N) to serve water to the Canoa Preserve II Development, which adjoins your parcel.

The legal description of Canoa Preserve II is:

Lots 1 and 2 of Section 35, Township 18 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

And

Lots 1 and 2, the east half of the northwest quarter, the east half, and the southwest quarter of section 36, township 18 South, Range 13 east, Gila and Salt River Base and Meridian, Pima County, Arizona

When I spoke with you recently you indicated that you would like to have your parcel included in this extension request. If so, please sign this letter below as your request to include the "Amado Well Site" with FWC's extension request in the space provided and return to me.

Very truly yours,

FARMERS WATER CO.

By Warren E. Culbertson
Warren E. Culbertson, CEO

Santa Rita Ranch wishes to have its parcel "Amado Well Site" (7 acres) included in Farmers Water Co. CC&N extension to provide water service to this parcel.

Santa Rita Ranch

By W.R. McGibbon
Its President

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

FARMERS WATER CO

P.O. BOX 7 (1525 E SAHUARITA RD)

SAHUARITA, AZ 85629 520-879-7474

B. The name, address and telephone number of management contact is:

WARREN E. CULBERTSON

P.O. BOX 7 (1525 E SAHUARITA RD)

SAHUARITA, AZ 85629 520-879-7473

C. List the name, address and telephone number of the operator certified by the Arizona Department
of Environmental Quality:

JOHN (JACK) MILLER

P.O. BOX 7 (1525 E SAHUARITA RD)

SAHUARITA, AZ 85629 520-879-7433

D. List the name, address and telephone number of the attorney for the Applicant:

T. PATRICK GRIFFIN

ONE SOUTH CHURCH AVE., SUITE 900

TUCSON, AZ 85701-1620 530-792-3836

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) Attachment A

2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) Attachment A-1

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. Attachment B-1

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors.

H. Attach a current balance sheet and profit and loss statement.

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 20 Second Year 30 Third Year 37 Fourth Year 43

Fifth Year 50

Commercial:

First Year -0- Second Year -0- Third Year -0- Fourth Year -0-

Fifth Year -0-

Industrial:

First Year -0- Second Year -0- Third Year -0- Fourth Year -0-

Fifth Year -0-

Irrigation:

First Year -0- Second Year -0- Third Year -0- Fourth Year -0-

Fifth Year -0-

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year \$4,000 Second Year \$4,500 Third Year \$5,000

Fourth Year \$5,500 Fifth Year \$6,000

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

Attachment E

K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Developer (Canoa Preserve Partners, II, LLC (principals M. Keith Holben & David Blouin) will pay for all water utility facilities. A Mainline Extension Agreement will be executed by Farmers Water Co and Developer.

L. Estimated starting and completion date of construction of utility facilities:

Starting date 11/09/09 Completion date 6/1/10

M. Attach the following permits:

1. Franchise from either the City or County for the area requested.
2. Arizona Department of Environmental Quality or designee's approval to construct facilities.
Has not yet been issued.
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A

5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources.

*Developer is in the process of applying for an Assured Water Supply Certificate.

- If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer. N/A

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year \$4,000 Second Year \$4,500 Third Year \$5,000

Fourth Year \$5,500 Fifth Year \$6,000

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

Attachment E

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Has not yet been issued.

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*Developer is in the process of applying for an Assured Water Supply Certificate.

- If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer. N/A

- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

Warren E. Culbertson
(Signature of Authorized Representative)

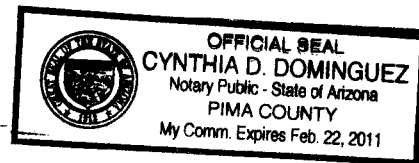
WARREN E. CULBERTSON
(Print or Type Name Here)

CEO
(Title)

SUBSCRIBED AND SWORN to before me this 15 day of October, 2007

[Signature]
NOTARY PUBLIC

My Commission Expires 2-22-11



STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****FARMERS WATER CO.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on February 11, 1959.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 14th Day of September, 2007, A. D.




Executive Director

Order Number: 173896



FARMERS WATER CO.

P.O. Box 7
Sahuarita, AZ 85629-0007
(520) 879-7474

RESOLUTION BY THE BOARD OF DIRECTORS OF FARMERS WATER CO.

August 14, 2007

A Special Meeting of the Board of Directors of FARMERS WATER CO., pursuant to notice and the by-laws of the Corporation, was held in the Conference Room of Farmers Investment Co. in Sahuarita, Arizona, at 3:30 p.m. on August 14, 2007.

The Directors present at the meeting were:

Richard S. Walden
Warren E. Culbertson
John (Jack) Miller
Heather Triana

Upon motion made by Richard S. Walden and Seconded by John (Jack) Miller, and unanimously adopted, Warren E. Culbertson was appointed Chairman of the meeting and Heather Triana was appointed Secretary of the meeting.

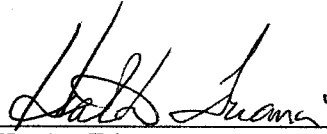
Upon motion duly made by Richard S. Walden and seconded by Warren E. Culbertson, and unanimously carried, the following Resolutions were adopted:

- 1) Resolved that Farmers Water CO. is authorized to apply for an Extension of its Certificates of Convenience and Necessity (CC&N) to include Lots 1 and 2 of section 35, township 18 south, range 13 east, Gila and Salt River Base and Meridian, Pima County, Arizona.

And

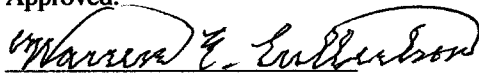
Lots 1 and 2, the east half of the northwest quarter, the east half, and the southwest quarter of section 36, township 18 South, Range 13 east, Gila and Salt River Base and Meridian,
Pima County, Arizona

There being no further business to come before the meeting, upon motion duly made, seconded and carried, the meeting was adjourned.



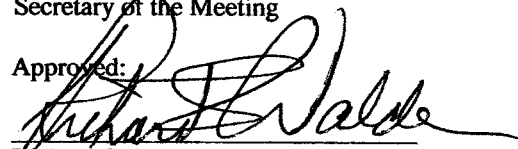
Heather Triana
Secretary of the Meeting

Approved:



Warren E. Culbertson

Approved:



Richard S. Walden

ATTACHMENT B 1

Legal Description

Lots 1 and 2 of Section 35, Township 18 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

And

Lots 1 and 2, the East half of the Northwest Quarter, the East half, and the Southwest Quarter of Section 36, Township 18 South, range 13 East, Gila and Salt river Base and Meridian, Pima County, Arizona

ATTACHMENT "B"

PIMA	35,36	18S	13E
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

- Farmers Water Co
- Canoa Preserve Partners II, LLC
- Santa Rita Ranch

Type or Print Description Here:

See Attachment B - 1

FARMERS WATER CO.

**Balance Sheet
August 30, 2007
(Unaudited)**

ASSETS

Current Assets:

Cash	(23,898)
Accounts Receivable	25,773
Due from Affiliated Company	-
Prepaid Expenses	(469)
Total Current Assets	<u>1,405</u>

Notes Receivable

Division Control	<u>1,062,369</u>
------------------	------------------

Property and Equipment:

Machinery and Equipment	243,812
Wells, Pumps and Irrigation System	7,711,304
Property Plant Equipment	<u>26,860</u>
	<u>7,981,976</u>

Less: Accumulated Depreciation	(2,298,950)
Total Property and Equipment	<u>5,683,026</u>

Other Assets

Investments	<u>6,893</u>
Total Assets	<u><u>6,753,693</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY / (DEFICIT)

Liabilities:

Accounts Payable	20,527
Other current liabilities	<u>55,553</u>
Current Liabilities	<u>76,080</u>

Advances in Aid of Construction	<u>7,147,791</u>
Total Liabilities	<u>7,223,871</u>

Stockholders' Equity / (Deficit):

Common Stock	2,500
Capital in Excess of Par Value	497,500
Retained Earnings -- (Deficit)	(815,174)
Total Stockholders' Equity / (Deficit)	<u>(315,174)</u>

Net Income/(Loss)	<u>(155,004)</u>
-------------------	------------------

Total Equity	<u>(470,178)</u>
	<u><u>6,753,693</u></u>

FARMERS WATER CO.

**Statement of Operations and Retained Earnings
For the Eight Months Ended August 31, 2007
(Unaudited)**

Revenue

Sales	495,943
Gain/Loss on Disposals of PPE	500
Other Income	<u>4,878</u>
Total Revenue	<u>501,321</u>

Costs and Expenses

Cost of Sales and Operations	656,325
Net Income/(Loss)	(155,004)

ATTACHMENT "D"

WATER USE DATA SHEET

NAME OF COMPANY _____	FARMERS WATER CO
ADEQ Public Water System No. _____	PWS 10049

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
July 2006	402	12,808
Aug 2006	432	10,657
Sept 2006	445	8,077
Oct 2006	480	10,981
Nov 2006	491	10,581
Dec 2006	546	11,177
Jan 2007	571	7,827
Feb 2007	599	9,967
Mar 2007	617	10,582
Apr 2007	633	14,765
May 2007	650	14,059
June 2007	658	10,137
July 2007	665	20,246

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
1,000,000	1	55-624012	550
500,000	1	55-624020	750
75,000	1	55-210420	475
8,000	1	55-624028	35

ATTACHMENT D

Other Water Sources in Gallons per Minute →	<u>GPM</u> 800
Fire Hydrants on System →	<u>Yes</u> No
Total Water Pumped Last 13 Months (Gallons in Thousands) →	164,128

ATTACHMENT E

Canoa Preserve II Water System Construction Cost Opinion

Item	Quantity	Unit	Unit Cost	Cost
12" pipe	3,105	lf	48	\$ 149,040
10" pipe	1,744	lf	40	\$ 69,760
8" pipe	11,876	lf	32	\$ 380,032
Reservoir	160,000	gal	1.1	<u>\$ 176,000</u>
Total Estimated Cost				\$ 774,832

CONTRACT	
NO.	<u>11-64-F-137171-1005</u>
AMENDMENT NO. _____	
This number must appear on all invoices, correspondence and documents pertaining to this contract.	

RESOLUTION NO. 2005-259

**A RESOLUTION OF THE BOARD OF SUPERVISORS
OF PIMA COUNTY, ARIZONA
AUTHORIZING A FRANCHISE
GRANTED TO
FARMERS WATER CO.**

WHEREAS, Farmers Water Co., currently has a franchise dated September 18, 1984 and expiring September 18, 2009 (hereinafter "Current Franchise"), and

WHEREAS, pursuant to Arizona Revised Statutes Title 40, Section 283, (A.R.S. § 40-283) Farmers Water Co., an Arizona corporation, (hereinafter "Franchisee") has applied to the Board of Supervisors of Pima County, Arizona, (hereinafter "County") for a new franchise right and privilege in the area of the County outside the confines of any incorporated city or town to construct, install, maintain and operate in the public right-of-way facilities and appurtenances for the purpose of a public water distribution system; and

WHEREAS, notice of this meeting on the application was given as required by law; and

WHEREAS, the application came before the Board of Supervisors, and no petition to the Board to deny the franchise was filed according to law, and the Board considered the application for the franchise; and

WHEREAS, the Board of Supervisors determined that the grant of this franchise is regular, authorized by law and in the best interests of the County and its inhabitants;

NOW THEREFORE, the parties hereto agree as follows:

AGREEMENT

Section 1. Franchise; right-of-way. The Current Franchise is hereby terminated and is of no further force or effect. Franchisee is hereby empowered to use public right-of-way within the area described and depicted on **Exhibit "A"** below and only those areas of the County outside the confines of any incorporated city or town to construct, install, maintain and operate in such public right-of-way

facilities for the purpose of a water distribution system. "Right-of-way" shall include highways, streets, roads, alleys, ways, drainageways and places dedicated to the public use.

Section 2. Future regulation. All rights hereunder are granted under the express condition that the Board of Supervisors shall have the power at any time to impose such restrictions and limitations, and to make such regulations as to the use of said right-of-way by Franchisee as may be deemed best for the public safety or welfare.

Section 3. County rights paramount. The rights of County in and to the use of public rights-of-way within County shall be forever paramount and superior to the rights of Franchisee.

Section 4. Facilities; definition; removal. Nothing in this franchise shall be construed to prevent County from abandoning, altering, improving, repairing or maintaining facilities of County or the public right-of-way and, for that purpose, requiring Franchisee at its own expense to remove, relocate or abandon in place Franchisee's facilities to accommodate the activities of County. "Facilities of Franchisee" shall mean any physical object or improvement or alteration of a right-of-way owned, possessed, made, installed or constructed by Franchisee or made, installed, or constructed by County or others at the request of Franchisee. "Facilities of Franchisee" shall include, but not be limited to, pipes, pipelines, mains, services, vaults, casings, sleeves, vents, fences, meters, gauges, regulators, valves, conduits, appliances, attachments, appurtenances, poles, wires, cables and other property or equipment used or useful for the purpose for which this franchise is granted. "Facilities of County" shall mean any physical object or improvement owned, possessed, maintained, installed or constructed by County or others at the request of County, including all highway, transportation, flood control and wastewater facilities of County.

Section 5. County not liable for costs and lost revenues. County shall not be liable to Franchisee for (a) any costs of relocation, replacement, repair or abandonment of Franchisee's facilities in the public right-of-way, or (b) lost revenues, sustained by Franchisee because of damage, modification or alteration to or destruction of its facilities in the public right-of-way.

Section 6. No exclusive right. Nothing in this franchise shall be construed to grant Franchisee an exclusive right to erect and maintain its facilities in the public right-of-way. Facilities of Franchisee shall be erected so as not to interfere with the reasonable use of the public right-of-way. The location of facilities of Franchisee shall not be a vested interest, and its facilities shall be removed, relocated or abandoned in place by Franchisee whenever they restrict or obstruct the use or location or any future use or location of the public right-of-way or Facilities of County or the use thereof by the public.

Section 7. Relocation. Franchisee shall relocate at its expense all facilities of Franchisee that conflict or interfere with County use, expanded use, improvement or abandonment of the public right-of-way. The facilities shall be relocated in accordance with the procedures and time limitations set forth in Pima County Code Chapter 10.44, as amended. If the facilities are not relocated in accordance with Pima County Code Chapter 10.44, County may, at its discretion, relocate the facilities utilizing a qualified

contractor and Franchisee shall be liable for all costs to County of relocation including overhead and maintenance costs.

Section 8. Care and restoration of County roadway or facilities. In the construction, maintenance, repair and operation of its facilities, Franchisee shall not alter, in any way, a County highway, roadway, or street. Franchisee shall use all necessary care to avoid causing or permitting any damage, disturbance, alteration or modification to the facilities of County. If Franchisee causes or permits any damage, disturbance, alteration or modification, Franchisee, at its expense and in a manner approved by the County Engineer, shall restore, to the satisfaction of County, the roadway or facilities to the condition in which they were before being damaged, disturbed, altered or modified and shall also be liable to County or others for any other damages which may accrue because of said damage, disturbance, alteration or modification. The restoration shall be initiated promptly and completed expeditiously in recognition of the duty of Franchisee to give the restoration, repair or replacement of County roadway or facilities priority over proceeding with non-emergency activities of Franchisee.

Section 9. Vegetation. In the construction, maintenance, repair and operation of its facilities, Franchisee shall avoid causing any damage to or disturbance of existing vegetation in the public right-of-way. If Franchisee causes or permits any such damage or disturbance, Franchisee, at its sole expense and in accordance with all County regulations then in effect, including but not limited to the provisions of Section 18.73.030B(12) of the Zoning Code of County, shall re-vegetate the right-of-way to the satisfaction of the County Engineer.

Section 10. Access to adjoining property. Franchisee shall provide prior written or actual notice to the owners or residents of adjoining property of any activity of Franchisee which may temporarily interfere with access to or use of said adjoining property. If an emergency precludes the provision of prior notice, Franchisee shall use its best efforts to provide timely actual notice to the owners or residents of the adjoining property.

Section 11. Indemnification; hold harmless; defend. The Franchisee shall indemnify, defend and hold the County, its governing board or body, officers, departments, employees and agents, harmless from and against any and all suits, actions, legal or administrative proceedings, claims, demands, liens, losses, fines or penalties, damages, liability, interest, attorney's, consultant's and accountant's fees or costs and expenses of whatsoever kind and nature, resulting from or arising out of any act or omission of the Franchisee, its agents, employees or anyone acting under its direction or control, whether intentional, negligent, grossly negligent, or amounting to a breach of contract, in connection with or incident to the performance of this Agreement. The obligations under this Article shall not extend to the negligence of the County, its agents, or employees.

Section 12. County permits; no authorization of wrongdoing. This Franchise does not constitute a County permit for right-of-way use. Nothing in this Franchise relieves Franchisee from its duty to obtain all applicable permits for right-of-way use from the appropriate County departments and the Pima County

Flood Control District. County review or approval of plans or specifications or issuance of a permit for an activity or an installation, construction or location of a facility of Franchisee, or the failure of County to direct Franchisee to take any precautions or make any changes or to refrain from doing anything, shall not be construed to be an authorization for or approval of any violation of an industry standard pertaining to the location or construction of a utility facility in a public right-of-way. No review, approval or permit presuming to give such authority shall relieve Franchisee of its obligations under this franchise regarding the location and construction of facilities. The failure of County to direct Franchisee to take any precautions or make any changes or to refrain from doing anything, shall not excuse Franchisee from its responsibilities hereunder to County or others for injury to persons or damage to property.

Section 13. County participation in suit, action or proceeding. County shall have the right at all times to take part in any suit, action or proceeding instituted by or against Franchisee (a) in which any judgement or decree can be rendered foreclosing any lien on any of Franchisee's property situated within the public right-of-way, (b) seeking to enjoin, restrain, or in any manner interfere with Franchisee in the performance or observance by it of any of the terms or conditions of this franchise, or any regulation, notice or direction of County in such connection, (c) affecting the rights, powers or duties of Franchisee to do or not to do anything which by this franchise it may be required to do or not to do, or (d) which involves or might involve the constitutionality, validity or enforcement of this franchise. County may take such steps relating to the suit, action or proceeding as County may deem necessary or advisable to protect the interest of County or the public interest.

Section 14. Location and construction standards. The location and construction of facilities in public right-of-way shall conform to applicable industry standards then in effect and as may be directed by County in order not to interfere with a planned future use of the public right-of-way by the County. All facilities of Franchisee shall be located so as to cause minimum interference with the proper use of the public right-of-way, and to cause minimum interference with the rights and reasonable convenience of property owners who adjoin the public right-of-way.

Section 15. Barriers and signs. Any opening or obstruction in the public right-of-way made by Franchisee in the course of the construction, maintenance, operation, repair, replacement or removal of facilities shall be guarded and protected at all times by the placement of adequate barriers, the bounds of which during periods of dusk and darkness shall be clearly designated by warning lights. Any work performed by Franchisee along a public highway open for travel shall be properly signed and marked with warning and directional devices in accordance with A.R.S. § 28-650 and the "Traffic Control Manual for Highway Construction and Maintenance", Arizona Department of Transportation, August, 1981, as amended now and in the future.

Section 16. Drainage. During construction or excavation in the public right-of-way, Franchisee shall provide proper drainage so that the public right-of-way shall be free from standing surface water, and properly and adequately drained so as not to cause flood or erosion damage to the facilities of the County or surrounding property.

Section 17. Inspection: charge. County may inspect any of Franchisee's activity and/or facilities in the public right-of-way to ensure proper performance of this franchise and conformance with applicable federal, state and County laws, ordinances and regulations, and County may make a reasonable charge for such inspection, provided such charge is lawfully adopted and uniformly imposed and collected for such inspections from other utilities or persons similarly situated to Franchisee.

Section 18. Compliance; assent to legality. Franchisee shall conform to and abide by and perform all the conditions, provisions, requirements and limitations in this franchise. Franchisee shall be subject to all County ordinances and regulations now in force or that hereafter may be lawfully adopted, including all ordinances and regulations relating to the use of public right-of-way by utilities. Franchisee shall not set up as against County any claim that the provisions of this franchise or any applicable County ordinance or regulation now lawfully in force are unreasonable, arbitrary or void.

Section 19. Term. This franchise is granted for a term of twenty-five years from the date of the granting by Pima County Board of Supervisors.

Section 20. Non-exclusivity. This franchise and the privileges granted herein shall not be exclusive, and the Board of Supervisors expressly reserves the right to grant, from time to time, similar franchises and privileges over the same right-of-way to any other person, firm or corporation.

Section 21. Signature of Franchisee; no obligation after sale, assignment or transfer. This franchise shall not be effective for any purpose until the acceptance of Franchisee is endorsed herein in writing. After any sale, assignment or transfer of Franchisee's rights hereunder, Franchisee shall not be obligated under the terms hereof.

Section 22. Approval for sale, assignment or transfer. Franchisee hereby agrees that this franchise shall not be sold, assigned or transferred without the prior written approval of the Board of Supervisors of County, such approval not to be unreasonably withheld.

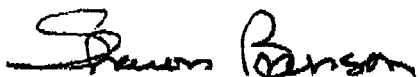
Section 23. Headings. Headings used in this franchise are for convenience only and shall not be used in construing its terms.

Section 24. Waiver. Waiver by County of any breach of any term, covenant or condition herein contained shall not be deemed a waiver of any other term, covenant or condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained.

Section 25. Conflict of Interest. This Agreement is subject to A.R.S. §38-511 which provides for cancellation of contracts by Pima County for certain conflicts of interest.

IN WITNESS WHEREOF, the parties hereto have executed this Franchise.

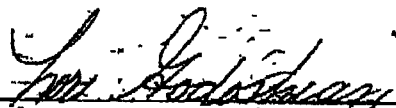
PIMA COUNTY, ARIZONA



Chair, Pima County Board of Supervisors

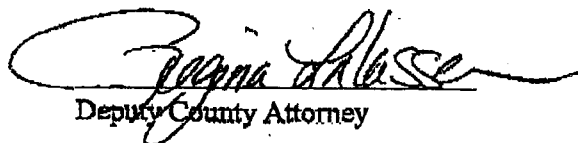
OCT 18 2005

ATTEST:



Clerk, Pima County Board of Supervisors

APPROVED AS TO FORM:



Deputy County Attorney

FRANCHISEE: Farmers Water Co.

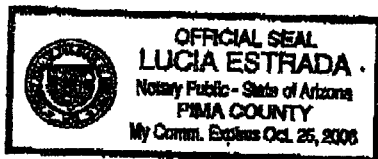
FARMERS WATER CO.

By: Warren E. Culbertson

Title: Chief Executive Officer

State of Arizona)
) ss
County of Pima)

This instrument was acknowledged before me the undersigned authority on this 21st day of September, 2005, by Warren E. Culbertson, as Chief Executive Officer of Farmers Water Co.



Lucia Estrada
Notary Public

My commission expires:

10/25/06

EXHIBIT "A"

All of Section 31, Township 16 South, Range 14 East

And,

All of Sections 12, 13, 24, & 25, Township 17 South, Range 13 East

And,

All of Sections 5, 6, 7, 8, 17, 18, 19, 28, 30, & 31, Township 17 South, Range 14 East

And,

All of Sections 1, 11, 12, 13, 14, 23, 24, 25, 26, 27, 34, 35, & 36, Township 18 South, Range 13 East

And,

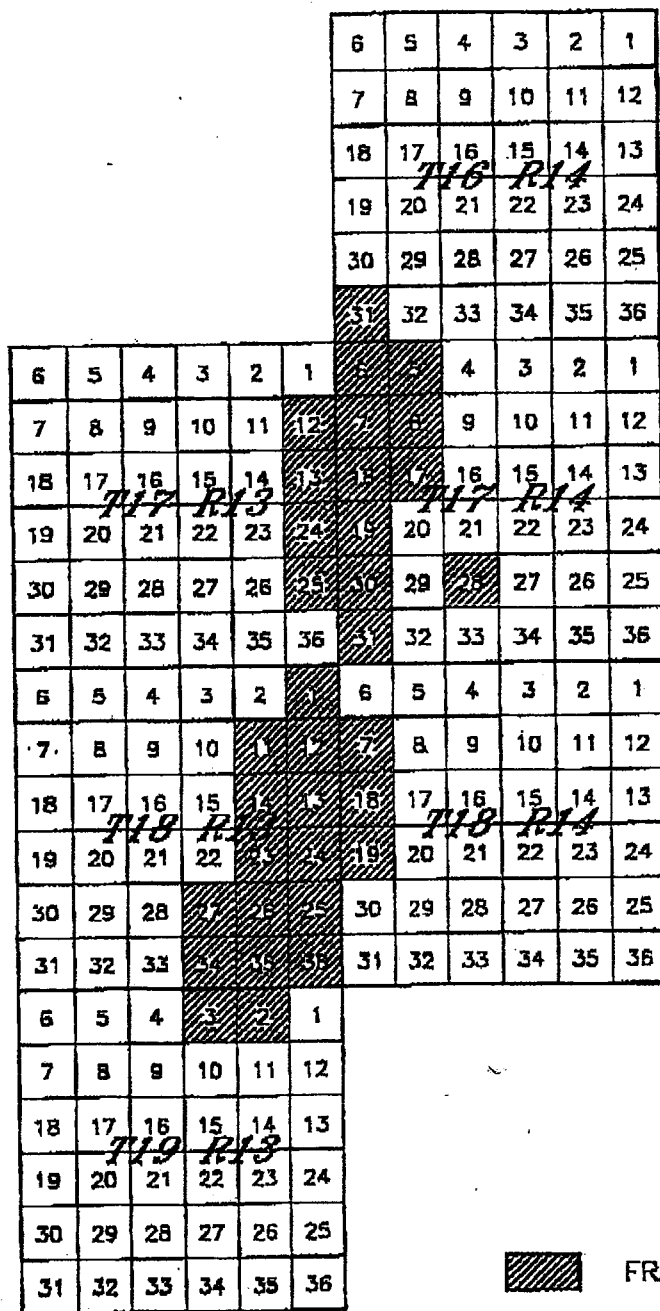
All of Sections 7, 18, & 19, Township 18 South, Range 14 East

And,

All of Sections 2 & 3, Township 19 South, Range 13 East

All of the above legal descriptions are based on the Gila and Salt River Base and Meridian, Pima County, Arizona

EXHIBIT A DEPICTED FARMERS WATER COMPANY FRANCHISE



05056

PIMA COUNTY DEPARTMENT OF TRANSPORTATION
TECHNICAL SERVICES DIVISION

DRAWING NOT TO SCALE

DRAWN BY: R. BILLINGS

DATE: AUG 2005

TO: PAM

HERE IS FARMERS FRANCHISE
RECORDINGF. ANN RODRIGUEZ, RECORDER
RECEIPT OF RECORDING

F. ANN RODRIGUEZ, RECORDER

RECORDED BY: K O

DEPUTY RECORDER

1861

PE4

PCREA

PIMA CO REAL PROPERTY SERVICES

PICK UP

ATTN ANNA OR LINDA



DOCKET: 12680

PAGE: 2041

NO. OF PAGES: 9

SEQUENCE: 20052210375

11/15/2005

RES 15:55

PICKUP

AMOUNT PAID \$ 0.00

F PIMA CO

F RES # 2005 259

RESOLUTION/PROPERTY

CONVERSION FEE	\$	0.00
9 PAGES	\$	0.00
0 AFFIDAVITS 2.00 EACH	\$	0.00
0 COPIES 1.00 EACH	\$	0.00
0 POSTAGE 1.00 EACH	\$	0.00

TOTAL \$ 0.00

CHECK \$ 0.00

AMOUNT DUE \$ 0.00

AMOUNT OVER \$ 0.00

HARALSON, MILLER, PITT, FELDMAN & McANALLY, P.L.C.
Attorneys at Law
One South Church Avenue, Suite 900
Tucson, Arizona 85701-1620
Phone (520) 792-3836
Fax (520) 624-5080

FAX TRANSMITTAL

November 16, 2005

TO: Warren Culbertson
Fax No. 791-2853

File No. 32003.074

FROM: Pam Lisak

MESSAGE: The County sent me the recording information, so I'm sending you a copy. Please let me know if you will need an actual recorded copy of the entire document, or if the signed copy I sent you yesterday and this recording information will serve your purpose. See attached.

Pam

This page serves as a cover sheet, 1 page(s) to follow.

If you are not receiving material, or are having transmission problems, please call immediately.

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